

EXHIBIT E

TO THE DECLARATION OF CLAUDE D. MONTGOMERY, ESQ.

Page 1	Page 3
<p>1 IN THE UNITED STATES BANKRUPTCY COURT</p> <p>2 EASTERN DISTRICT OF MICHIGAN</p> <p>3 SOUTHERN DIVISION</p> <p>4</p> <p>5 In re Chapter 9</p> <p>6 CITY OF DETROIT, MICHIGAN, Case No. 13-53846</p> <p>7 Debtor. Hon. Steven W. Rhodes</p> <p>8 _____/</p> <p>9</p> <p>10 DEPONENT: MAYOR DAVE BING</p> <p>11 DATE: Monday, October 14, 2013</p> <p>12 TIME: 10:27 a.m.</p> <p>13 LOCATION: CITY OF DETROIT MAYOR'S OFFICE</p> <p>14 2 Woodward Avenue</p> <p>15 11th Floor Conference Room</p> <p>16 Detroit, Michigan</p> <p>17 REPORTER: Jeanette M. Fallon, CRR/RMR/CSR-3267</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>	<p>1 APPEARANCES (continued):</p> <p>2</p> <p>3 COHEN WEISS AND SIMON LLP</p> <p>4 By: Joshua J. Ellison</p> <p>5 330 West 42nd Street</p> <p>6 New York, NY 10036.6979</p> <p>7 212.356.0216</p> <p>8 Appearing on behalf of UAW</p> <p>9</p> <p>10 LOWENSTEIN SANDLER LLP</p> <p>11 By: Sharon L. Levine</p> <p>12 65 Livingston Avenue</p> <p>13 Roseland, NJ 07068</p> <p>14 973.597.2374</p> <p>15 Appearing on behalf of AFSOME</p> <p>16</p> <p>17 CLARK HILL PLC</p> <p>18 By: Jennifer K. Green</p> <p>19 500 Woodward Avenue, Suite 3500</p> <p>20 Detroit, MI 48226</p> <p>21 313.965.8384</p> <p>22 Appearing on behalf of Retirement Systems</p> <p>23</p> <p>24</p> <p>25</p>
Page 2	Page 4
<p>1 APPEARANCES:</p> <p>2</p> <p>3 JONES DAY</p> <p>4 By: Thomas Cullen</p> <p>5 Dan T. Moss</p> <p>6 51 Louisiana Avenue, NW</p> <p>7 Washington, D.C. 20001.2113</p> <p>8 202.879.3939</p> <p>9 Appearing on behalf of the Debtor</p> <p>10</p> <p>11 DENTONS US LLP</p> <p>12 By: Anthony B. Ullman</p> <p>13 620 Fifth Avenue</p> <p>14 New York, NY 10020.2457</p> <p>15 212.632.8342</p> <p>16 Appearing on behalf of Official Committee of Retirees</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>	<p>1 APPEARANCES (continued):</p> <p>2</p> <p>3 WILLIAMS WILLIAMS RATNER &amp; PLUNKETT PC</p> <p>4 By: Ernest J. Essad, Jr.</p> <p>5 380 N Old Woodward Ave Ste 300</p> <p>6 Birmingham, MI 48009</p> <p>7 248.642.0333</p> <p>8 Appearing on behalf of FGIC</p> <p>9</p> <p>10 CITY OF DETROIT LAW DEPARTMENT</p> <p>11 By: Portia L. Roberson</p> <p>12 2 Woodward Avenue, Suite 500</p> <p>13 Detroit, Michigan 48226</p> <p>14 313.237.3018</p> <p>15 Appearing on behalf of the City of Detroit,</p> <p>16 Residents of the City, Mayor's Office and City Council</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24 ALSO PRESENT:</p> <p>25 Patrick Murphy, videographer</p>

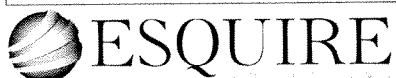


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<p style="text-align: right;">Page 45</p> <p>1 Q. Well, did you -- as part of this initial -- this</p> <p>2 restructuring program, were you aware in any way that</p> <p>3 anything that was being proposed was contrary to the</p> <p>4 laws or Constitution of the State of Michigan?</p> <p>5 A. No.</p> <p>6 Q. And do you recall specifically how if at all the</p> <p>7 pension liabilities were to be dealt with under your</p> <p>8 proposed approach?</p> <p>9 A. No.</p> <p>10 Q. Would that be set out in whatever documents there are</p> <p>11 that describe your initiatives?</p> <p>12 A. I didn't understand your question.</p> <p>13 Q. Would the approach to pensions be set out in whatever</p> <p>14 documents exist that describe the initiatives that</p> <p>15 you've referred to?</p> <p>16 A. Those probably were internal meetings between the CFO</p> <p>17 and the COO and probably people from the labor</p> <p>18 department. Those aren't meetings that I sat in.</p> <p>19 Q. So you don't recall the specifics of how the pension</p> <p>20 issues were --</p> <p>21 A. No.</p> <p>22 Q. -- being dealt with?</p> <p>23 A. No.</p> <p>24 Q. But as you understood it, the City's -- if the</p> <p>25 proposed restructuring, the initiatives that you put</p>	<p style="text-align: right;">Page 47</p> <p>1 A. He was agreeable in working together, but we didn't go</p> <p>2 step by step and say that I agree or I don't agree.</p> <p>3 Q. Okay. So did you have an understanding as when you</p> <p>4 left that meeting in DC whether Mr. Orr had in fact</p> <p>5 agreed to the points that were set out in this summary</p> <p>6 of partnership document?</p> <p>7 MR. CULLEN: Objection, foundation, form.</p> <p>8 A. One of the areas that I do recall and me saying is</p> <p>9 that it made reference to keeping the executive team</p> <p>10 intact. He wanted the opportunity to make an</p> <p>11 assessment himself.</p> <p>12 Q. Okay, and did he make an assessment?</p> <p>13 MR. CULLEN: Objection, foundation, form.</p> <p>14 A. I think over the time that he's been here, I don't</p> <p>15 think he personally made an assessment. I think there</p> <p>16 were others who may have made an assessment and made</p> <p>17 recommendations to him.</p> <p>18 Q. And was your team -- your executive team left intact?</p> <p>19 A. No.</p> <p>20 Q. And who was gotten rid of besides Mr. Andrews, if</p> <p>21 anyone?</p> <p>22 A. Jack Martin is no longer here as the CFO. Karla</p> <p>23 Henderson, who was the group executive for planning</p> <p>24 and development and BC, is no longer here. I think</p> <p>25 before Kevyn came on Kirk Lewis was already gone. I</p>
<p style="text-align: right;">Page 46</p> <p>1 in place went through, you believe that the City would</p> <p>2 be able to survive without bankruptcy and would</p> <p>3 continue to be able to meet its legal obligations?</p> <p>4 MR. CULLEN: Objection, foundation, form.</p> <p>5 A. The answer would be we wanted that opportunity.</p> <p>6 Q. Okay. And you thought that if you had that</p> <p>7 opportunity, you could make it happen; is that right?</p> <p>8 A. That would be correct.</p> <p>9 Q. But you weren't given that opportunity; were you?</p> <p>10 A. That is correct.</p> <p>11 Q. Let me go back to what we've marked as Orr Exhibit --</p> <p>12 that we haven't marked but we've identified as Orr</p> <p>13 Deposition Exhibit 7, which has the proposed summary</p> <p>14 of partnership.</p> <p>15 A. Uh-huh.</p> <p>16 Q. Was this partnership agreement, the document that</p> <p>17 appears here where it has a draft label on it, was</p> <p>18 that ever made final?</p> <p>19 A. Not to my knowledge.</p> <p>20 Q. When you met with Mr. Orr on -- at the end of February</p> <p>21 in DC, you indicated that you discussed this with him,</p> <p>22 though; correct?</p> <p>23 A. Correct.</p> <p>24 Q. And did he tell you that he was -- that he was</p> <p>25 agreeable to it?</p>	<p style="text-align: right;">Page 48</p> <p>1 do think that Chris Brown was already gone. As of</p> <p>2 today our purchasing director is no longer here,</p> <p>3 Andre DuPerry. Richard Kay, who was the director of</p> <p>4 the lighting department, is no longer here. The</p> <p>5 director of DDOT is no longer here. I think there --</p> <p>6 that's right off the top of my head. I think there</p> <p>7 were nine or ten department heads that are no longer</p> <p>8 here.</p> <p>9 Q. And were they asked to leave by Mr. Orr or --</p> <p>10 A. For the most -- for the most part, yes. There was one</p> <p>11 guy who headed up -- he was the director of homeland</p> <p>12 security, he left on his own accord because of the</p> <p>13 environment that he felt he could no longer work in,</p> <p>14 but for the most part all of those other people were</p> <p>15 asked to leave.</p> <p>16 Q. Now -- and are the positions that those people held</p> <p>17 vacant or have they been replaced with other people?</p> <p>18 A. There's a mixed bag, quite frankly. I mean, some of</p> <p>19 them -- I think you got some consultants in some of</p> <p>20 those positions. I mean, I had no input at all. I</p> <p>21 mean, I found out after the fact that either people</p> <p>22 were removed or if somebody was coming in. I had -- I</p> <p>23 never had the opportunity to interview even the new</p> <p>24 CFO who came in, the new COO who came in. Those were</p> <p>25 selected by Kevyn in a vacuum, as far as I'm</p>



<p>1 concerned.</p> <p>2 Q. Moving on past February of 2013, as I recall, the</p> <p>3 official appointment of Mr. Orr as the emergency -- I</p> <p>4 forget whether it was the Emergency Financial Manager</p> <p>5 or Emergency Manager, but it took place sometime</p> <p>6 around the end of March. Is that generally consistent</p> <p>7 with your recollection?</p> <p>8 A. Yeah, I think March 25th was his first day.</p> <p>9 Q. And from the meeting in DC up to March -- say March</p> <p>10 25th, did you have any conversations with Mr. Orr?</p> <p>11 A. I may have had one phone -- one other phone</p> <p>12 conversation with him.</p> <p>13 Q. And do you recall what the substance of that call was</p> <p>14 about?</p> <p>15 A. I think more than anything else it was making sure</p> <p>16 that when he came on board, we were having a press</p> <p>17 conference, introducing him as the Emergency Financial</p> <p>18 Manager and wanted me to stand with he and the</p> <p>19 Governor at that, because we didn't want, quote</p> <p>20 unquote, a divided house, if you will, and I thought</p> <p>21 it was better since an Emergency Manager was coming on</p> <p>22 board, it was no sense in us continuing to fight that.</p> <p>23 If he could be helpful to turn this City around, it</p> <p>24 would be better we do it together.</p> <p>25 Q. So in that phone conversation was there any discussion</p>	<p>Page 49</p> <p>1 We knew that this plan was going to negatively impact</p> <p>2 a lot of folks in order for us to move forward with</p> <p>3 implementation, but it was all about trying to manage</p> <p>4 our way through without going to the route of</p> <p>5 bankruptcy.</p> <p>6 Q. And this was a document that was put together by you</p> <p>7 and people on your team; is that right?</p> <p>8 A. That would be correct.</p> <p>9 Q. And I see we've been going for a little over an hour,</p> <p>10 an hour and 20 minutes. It's probably a good time for</p> <p>11 a break, but let me ask you first up to this time this</p> <p>12 is now March 13, towards the -- by the end of March</p> <p>13 had you had any conversations with anyone else from</p> <p>14 the Governor's staff or with the Governor himself</p> <p>15 about Mr. Orr as the Emergency Financial Manager or</p> <p>16 the Emergency Manager?</p> <p>17 MR. CULLEN: Objection, foundation, form.</p> <p>18 You can address the question.</p> <p>19 A. It was obvious to me in this time frame that Lansing</p> <p>20 had made their selection, so, I mean, that's something</p> <p>21 that I couldn't control so it was more important to</p> <p>22 me, once again, to be part of the team to help fix the</p> <p>23 City as opposed to constantly fighting and pushing --</p> <p>24 and pushing back. I didn't think that would get us</p> <p>25 anywhere.</p>
<p>Page 50</p> <p>1 of Chapter 9 filing?</p> <p>2 A. No.</p> <p>3 Q. Was there any discussion of anything related to</p> <p>4 pensions?</p> <p>5 A. No.</p> <p>6 Q. I'm going to show you another document, Mr. Mayor,</p> <p>7 which we'll mark as Bing Number 3.</p> <p>8 (Marked Exhibit No. 3.)</p> <p>9 Q. For the record what we've marked as Bing Exhibit --</p> <p>10 what is this, 4? Three. Actually I think we had</p> <p>11 previously marked this as Exhibit 22 to the Orr</p> <p>12 deposition, but since I've forgotten about that, now</p> <p>13 we'll just leave it as Bing Number 3, but I believe it</p> <p>14 is the same document.</p> <p>15 Do you recognize this document, Mr. Mayor?</p> <p>16 A. Yes.</p> <p>17 Q. For the record it's entitled City of Detroit</p> <p>18 Restructuring Plan, dated March 23, begins with Bates</p> <p>19 number DTMI00129416.</p> <p>20 A. Yes.</p> <p>21 Q. And just briefly tell me what this is and I'll ask you</p> <p>22 a few questions about it.</p> <p>23 A. Well, it speaks to the things that we were working on,</p> <p>24 the recommendations that we had put together to get us</p> <p>25 through a very tumultuous time in the City of Detroit.</p>	<p>Page 51</p> <p>1 Q. Okay. So after you had your initial conversations</p> <p>2 with Baird in February, you then met with Orr in the</p> <p>3 end -- towards the end of February also in DC, and</p> <p>4 then Orr -- there was an official announcement at the</p> <p>5 end of March saying Orr's the new EM or the new EFM.</p> <p>6 Prior to the meeting in DC and the official</p> <p>7 announcement of Orr, did you have any contact with</p> <p>8 anyone from the State about Mr. Orr's being made the</p> <p>9 Emergency Manager or Emergency Financial Manager?</p> <p>10 A. The answer would be very little, if any, because they</p> <p>11 had the right to make the decision, they made the</p> <p>12 decision, so once again, I would prefer to work with</p> <p>13 the individual seeing what we could do together to fix</p> <p>14 the City, a broken City.</p> <p>15 Q. Okay, so let me just ask more directly. Did you have</p> <p>16 advanced notice before the public announcement that</p> <p>17 the City -- the State was going to come out and make</p> <p>18 an announcement saying Kevyn Orr is our man?</p> <p>19 A. Yes.</p> <p>20 Q. And when were you told?</p> <p>21 A. That had to be in early -- early to mid March.</p> <p>22 Q. And do you remember the specifics of that discussion,</p> <p>23 who told you what was said?</p> <p>24 A. Whether that was Rich Baird or Andy Dillon, it wasn't</p> <p>25 the Governor.</p>
<p>Page 52</p>	<p>Page 52</p>



<p style="text-align: right;">Page 57</p> <p>1 A. Yes, it did.</p> <p>2 Q. And was that taken out of your hands also?</p> <p>3 A. Yes, it was.</p> <p>4 Q. And that like the other real estate you mentioned was</p> <p>5 taken out of your hands by the Emergency Manager and</p> <p>6 his team I take it?</p> <p>7 A. The whole process --</p> <p>8 MR. CULLEN: Objection, foundation, form.</p> <p>9 A. -- yeah.</p> <p>10 Q. And did there come a time when someone -- how did this</p> <p>11 process come about that it was taken out of your</p> <p>12 hands? Did the Emergency Manager or someone from his</p> <p>13 staff actually tell you or your staff, don't worry</p> <p>14 about these things anymore, it's not your business or</p> <p>15 words to that effect?</p> <p>16 MR. CULLEN: Objection.</p> <p>17 A. No.</p> <p>18 MR. CULLEN: Foundation, form.</p> <p>19 Q. How did it come about that it was taken out of your</p> <p>20 hands?</p> <p>21 A. I actually went to the Emergency Manager and told him</p> <p>22 about these potential deals and in order for them to</p> <p>23 go forward, he had to sign-off on it. He said to me</p> <p>24 that it looked like they were decent deals and that he</p> <p>25 would, but obviously that hasn't happened yet.</p>	<p style="text-align: right;">Page 59</p> <p>1 Did you as of the March 2013 time frame</p> <p>2 have any understanding, just a general understanding,</p> <p>3 as to what the value was of the art that's owned by</p> <p>4 the City of Detroit?</p> <p>5 MR. CULLEN: Objection, foundation, form.</p> <p>6 A. The answer would be no.</p> <p>7 Q. And as you sit here today, do you have any</p> <p>8 understanding as to the value of the art that's owned</p> <p>9 by the City of Detroit?</p> <p>10 MR. CULLEN: Same objection.</p> <p>11 A. The answer would still be no.</p> <p>12 Q. Are you aware of reports in the press stating that the</p> <p>13 city-owned art could easily be worth billions of</p> <p>14 dollars?</p> <p>15 A. I have read that, yes.</p> <p>16 Q. And do you have any reason to believe those reports</p> <p>17 are inaccurate?</p> <p>18 MR. CULLEN: Objection, foundation, form.</p> <p>19 Of what they report or the value or what, counsel?</p> <p>20 MR. ULLMAN: I think my question was clear.</p> <p>21 Q. You can answer my question.</p> <p>22 A. I know that he's engaged Christie's to do an</p> <p>23 evaluation and I'm not sure that that's complete yet,</p> <p>24 so I have no idea of what the value may or may not be.</p> <p>25 Q. Okay. Let me ask you to turn now to the next page of</p>
<p style="text-align: right;">Page 58</p> <p>1 Q. And has there been any follow-up with the Emergency</p> <p>2 Manager between him and you as to why he hasn't signed</p> <p>3 off?</p> <p>4 MR. CULLEN: Objection, foundation, form.</p> <p>5 A. I think more than anything else he wants to look at</p> <p>6 some of the bigger issues that he's got to deal with</p> <p>7 as opposed to these things which he may consider, you</p> <p>8 know, not big issues.</p> <p>9 Q. Even though if these things went through, they would</p> <p>10 at least bring in some immediate cash; is that right?</p> <p>11 A. They would.</p> <p>12 Q. As part of the asset monetization, did you give any</p> <p>13 consideration to try to monetize art that is owned by</p> <p>14 the City of Detroit and maintained at the Detroit</p> <p>15 Institute of Arts?</p> <p>16 A. The answer would be no.</p> <p>17 Q. And was there a particular reason you didn't give any</p> <p>18 consideration to that?</p> <p>19 A. Back at that time when we were thinking about it, that</p> <p>20 never came up, that was never a conversation that we</p> <p>21 had internally. I think since he's been on board, the</p> <p>22 subject obviously has gotten a lot of heat and a lot</p> <p>23 of visibility. I'm not sure what's going to happen</p> <p>24 there.</p> <p>25 Q. Okay. And do you -- let me ask it this way.</p>	<p style="text-align: right;">Page 60</p> <p>1 this document, which is ending in Bates page 422. And</p> <p>2 this heading says, and I quote, "The Mayor's plan</p> <p>3 includes strategies to implement changes that will</p> <p>4 significantly reduce general fund long-term</p> <p>5 liabilities."</p> <p>6 Do you see that?</p> <p>7 A. Yes.</p> <p>8 Q. And so we're clear, what in brief is the general fund?</p> <p>9 A. That's the -- the general fund is what we use to run</p> <p>10 the City on a day-to-day basis.</p> <p>11 Q. Now, in subpoint A, 3A, you give some -- you give two</p> <p>12 subpoints, two bullets. The second one says,</p> <p>13 approximately 6 billion of City debt is owed by the</p> <p>14 water and sewer department and does not have an impact</p> <p>15 on the general fund. Do you see that?</p> <p>16 A. Yes.</p> <p>17 Q. Can you explain what you were referring to by those</p> <p>18 words?</p> <p>19 A. That -- that debt is paid by the users of the water</p> <p>20 and sewerage department, so there's a revenue stream</p> <p>21 that pays that debt down, so it's not part of the</p> <p>22 general fund.</p> <p>23 Q. Okay, and as you put it here, that that debt, while</p> <p>24 it's on the books as City debt because the department</p> <p>25 of water and sewer is part of the City, that doesn't,</p>



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<p style="text-align: right;">Page 61</p> <p>1 as you put it, have an impact on the general fund</p> <p>2 because it's -- the water and sewer debt is paid for</p> <p>3 by the department of water and sewer?</p> <p>4 A. That would be correct.</p> <p>5 Q. And that, as I understand it, is run as a separate</p> <p>6 authority and has its own books and records and is</p> <p>7 solvent; is that right?</p> <p>8 A. That would be correct.</p> <p>9 Q. You then go on in the next point, sub B, to refer to</p> <p>10 pension unfunded liabilities, and you say</p> <p>11 approximately 650 million of unfunded liability as of</p> <p>12 FY 2012 of which only 250 million relates to general</p> <p>13 fund.</p> <p>14 A. Uh-huh.</p> <p>15 Q. Do you see that? And could you tell me what you meant</p> <p>16 when you wrote that?</p> <p>17 MR. CULLEN: Objection, foundation, form.</p> <p>18 A. I believe that makes reference to both the payment to</p> <p>19 the pension fund and maybe even to the healthcare</p> <p>20 benefits.</p> <p>21 Q. Okay, I'm going to be a little more specific. The</p> <p>22 language of this restructuring plan states that</p> <p>23 there's 650 million of unfunded pension liability. Do</p> <p>24 you see that?</p> <p>25 A. Uh-huh.</p>	<p style="text-align: right;">Page 63</p> <p>1 pensions and if you look on page 124, it talks about</p> <p>2 the unfunded AAL on line 3 of that table.</p> <p>3 A. Uh-huh.</p> <p>4 Q. And which stands for unfunded actuarial -- as I</p> <p>5 understand it, actuarial accrued liability?</p> <p>6 A. Correct.</p> <p>7 Q. And then if you look at the table, it says for the</p> <p>8 General Retirement System there's a number of</p> <p>9 approximately 640 million and on the Police and Fire</p> <p>10 Retirement System it's about 4 million. Do you see</p> <p>11 that?</p> <p>12 A. Yes.</p> <p>13 Q. And is it correct that that -- so that adds up to</p> <p>14 about 644 million. Does that correspond to the</p> <p>15 650 million that's in the restructuring plan that we</p> <p>16 have as Exhibit 3?</p> <p>17 A. Yes, yes.</p> <p>18 MR. CULLEN: Objection, foundation, form.</p> <p>19 Q. And when you -- the restructuring document refers to</p> <p>20 the unfunded liability at fiscal year 2012, is that</p> <p>21 referring to the valuation that's referred to at the</p> <p>22 top of page 124 of Bing 4 where it says, and I quote,</p> <p>23 "The funded status of each plan as of June 30, 2011,</p> <p>24 the most recent actuarial valuation date, is as</p> <p>25 follows" and then gives a table?</p>
<p style="text-align: right;">Page 62</p> <p>1 Q. And then it says of that only 250 million relates to</p> <p>2 the general fund.</p> <p>3 Can you tell me what that's referring to?</p> <p>4 A. No, not right off the top of my head I can't, no.</p> <p>5 Q. So you don't recall what that level of detail is as to</p> <p>6 the --</p> <p>7 A. Correct, correct, correct.</p> <p>8 Q. Then the next bullet it -- well, I guess -- do you</p> <p>9 recall where the 650 million liability -- unfunded</p> <p>10 liability number comes from?</p> <p>11 A. We have not -- we're not current with our pension</p> <p>12 contributions.</p> <p>13 Q. I guess let me ask it a little -- let me mark then</p> <p>14 another document. We'll mark this as Bing 4.</p> <p>15 (Marked Exhibit No. 4.)</p> <p>16 Q. And Bing 4 for the record is an excerpt from a</p> <p>17 document entitled Comprehensive Annual Financial</p> <p>18 Report for the City of Detroit for its fiscal</p> <p>19 year-ended June 30, 2012 and I've attached just two</p> <p>20 pages of it because it's a very long document.</p> <p>21 Okay, Mr. Mayor? You've seen -- you know</p> <p>22 what the Comprehensive Annual Financial Report is;</p> <p>23 right?</p> <p>24 A. Yes.</p> <p>25 Q. And I've attached the pages that pertain to the</p>	<p style="text-align: right;">Page 64</p> <p>1 MR. CULLEN: Objection, foundation, form.</p> <p>2 A. And your question was?</p> <p>3 MR. ULLMAN: Do you want to read it back?</p> <p>4 If you don't understand, I'll rephrase it, but --</p> <p>5 THE WITNESS: Yes. I just need --</p> <p>6 Q. Would it be easier if I just rephrased the question?</p> <p>7 A. Go ahead.</p> <p>8 Q. Okay. When you referred to the approximately</p> <p>9 650 million of unfunded liability as of fiscal year</p> <p>10 2012, okay, the unfunded liability as of 2012, is that</p> <p>11 referring to the underfunding as reported as of the</p> <p>12 June 30, 2011 actuarial valuation which is referred to</p> <p>13 on the top of page 124?</p> <p>14 A. The answer would be --</p> <p>15 MR. CULLEN: Objection, foundation, form.</p> <p>16 When you say when you refer, you mean -- are you</p> <p>17 implying that he wrote this document personally?</p> <p>18 MR. ULLMAN: No, he and his team.</p> <p>19 Q. I'm obviously referring to that in the general sense.</p> <p>20 I didn't intend to imply that you physically drafted</p> <p>21 this, Mr. Mayor. I understand this was put together</p> <p>22 by you and people working for you.</p> <p>23 A. And the answer to that would be yes.</p> <p>24 Q. And also under this -- going back to page 422 of</p> <p>25 Exhibit 3 under the subheading B under pension</p>



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1 unfunded liabilities it says, the City is developing a  
2 plan to reduce the unfunded liability.  
3 Do you have any recollection as to the  
4 specifics of that plan?  
5 A. No, I don't.  
6 Q. Now, you recall -- or let me ask you.  
7 Are you aware that on June 14th, 2013 the  
8 Emergency Manager had a meeting with creditors?  
9 A. I'm aware.  
10 Q. Prior to the time that he was appointed or I should  
11 say -- let me withdraw that.  
12 Prior to the time that the Emergency  
13 Manager's appointment was formally announced and June  
14 14, 2013, did you have any conversations with the  
15 Emergency Manager himself?  
16 A. Yes.  
17 Q. And do you recall how many?  
18 A. We don't -- we don't meet that often. You know, if we  
19 meet once or twice a week, that's about it and the  
20 meetings are usually very short meetings. Usually  
21 called by me.  
22 Q. And can you say how long a typical meeting would last?  
23 A. Thirty minutes tops.  
24 Q. During that time between March 25th and June 14th do  
25 you recall any discussions with the Emergency Manager

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1 concerning pensions, anything to do with pensions?  
2 A. I -- yes.  
3 Q. And tell me what you recall.  
4 A. You know, the general conversation was that pensions  
5 are a major problem that we have and we've got to  
6 address it.  
7 Q. And do you recall when those conversations took place?  
8 A. Probably more in the May time frame.  
9 Q. And was there any conversation with the Emergency  
10 Manager as to how the Emergency Manager intended to  
11 address the issues of pensions?  
12 A. No.  
13 Q. Was there any discussion with the Emergency Manager  
14 during the period I've been asking about, the end of  
15 March and June 14, about the City's filing for Chapter  
16 9 bankruptcy?  
17 A. I think the only conversations we may have had about  
18 that is that's the last resort and that's from him  
19 saying, you know, that's not the direction we want to  
20 go in and it would be last resort.  
21 Q. Did the emergency -- did you have any discussions with  
22 the Emergency Manager in which he indicated that he  
23 had any approaches or thoughts as to how to address  
24 issues relating to pensions other than filing for  
25 Chapter 9 bankruptcy?

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1 A. No.  
2 Q. And did you have any conversations with him in which  
3 he specifically referred to a Chapter 9 bankruptcy as  
4 a way to deal with the pension issues?  
5 A. I believe the answer to that would be yes. I can't be  
6 very specific, I don't recall, but I think -- I  
7 believe that conversation -- or a conversation like  
8 that did occur.  
9 Q. Okay, and can you give me, as best you can recall, a  
10 time frame as to when?  
11 A. I think it would be in that same May time frame in one  
12 of our discussions.  
13 Q. And can you tell me with as much specificity as you  
14 can remember what the Emergency Manager said during  
15 that conversation?  
16 A. Once again, with not a lot of specifics, but in order  
17 to fix the problems of the City where -- I know this  
18 number has been thrown out a lot, the \$3.5 billion of  
19 unfunded liabilities, etc., etc., I mean, he talked  
20 about that, but that was a generality and so it was no  
21 more -- it was not more specific than that.  
22 Q. But he referred to Chapter 9 as a way to get rid of or  
23 address what he referred to as a 3.5 billion unfunded  
24 liability?  
25 A. As a possibility.

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1 MR. CULLEN: Objection, foundation, form.  
2 You can answer.  
3 A. As a possibility.  
4 Q. And did Mr. Orr tell you at that time that the  
5 unfunded liability was indeed 3.5 billion?  
6 A. The answer to that would be yes.  
7 Q. And did he tell you that that had been shown through  
8 an actuarial valuation?  
9 A. The answer to that would be yes.  
10 Q. During that conversation or any other conversation  
11 with Mr. Orr during the March 25 through June 14 time  
12 frame, was there any discussion with Mr. Orr of what  
13 we've referred to previously and I've shown you the  
14 pension clause in the Michigan Constitution or any  
15 other legal impediments to -- affecting pension  
16 rights?  
17 A. No.  
18 Q. Let me ask you the same questions now -- well, let me  
19 preface it by saying you're aware, of course, that  
20 there was a bankruptcy filing on July 18.  
21 A. That would be correct.  
22 Q. Okay. Now, during the period between June 14, that  
23 was when the creditor proposal was issued, and the  
24 filing, did you have any conversations with Mr. Orr?  
25 A. About?



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<p style="text-align: right;">Page 117</p> <p>1 Q. Did you hire them?</p> <p>2 A. No.</p> <p>3 Q. Who retained them?</p> <p>4 A. I think -- once again, most of these companies were</p> <p>5 being -- they were being pressed by the -- we were</p> <p>6 pressed by the State to my understanding, the State</p> <p>7 had a lot of input into the selection process and in</p> <p>8 some cases where the City has a responsibility for</p> <p>9 paying part of the fees, you know, I've always had a</p> <p>10 problem that I was not at the table to participate in</p> <p>11 the selection process.</p> <p>12 Q. Do you pay part of the fees for Miller Buckfire?</p> <p>13 A. Yes.</p> <p>14 Q. Does the State pay part of the fees for Miller</p> <p>15 Buckfire?</p> <p>16 A. Yes.</p> <p>17 Q. Does the NERD Fund pay part of the fees for Miller</p> <p>18 Buckfire?</p> <p>19 A. I wouldn't know that.</p> <p>20 Q. Do you have a copy of Miller Buckfire's retention or</p> <p>21 engagement letter?</p> <p>22 A. I would think we have that. I don't -- I don't have</p> <p>23 it personally, but I would think we do in the purchase</p> <p>24 department and maybe in the law department.</p> <p>25 MS. LEVINE: We would request a copy of</p>	<p style="text-align: right;">Page 119</p> <p>1 administrations in my -- in my perspective a lot of</p> <p>2 that should have been written off a long time ago but</p> <p>3 they've been carrying it on books and I just think</p> <p>4 that's the wrong approach.</p> <p>5 Q. Under your administration were -- how many -- how much</p> <p>6 did you write-off in what you believe to be</p> <p>7 uncollected taxes?</p> <p>8 A. I'm not sure of that. I would have to get with the</p> <p>9 CFO.</p> <p>10 Q. Do you have an approximate number?</p> <p>11 A. No, I don't.</p> <p>12 MS. LEVINE: I don't have anything further.</p> <p>13 Thank you.</p> <p>14 THE WITNESS: Thank you.</p> <p>15 MR. GREEN: No, I don't have any questions.</p> <p>16 MR. CULLEN: We don't need the Pistons</p> <p>17 question on the record?</p> <p>18 MR. ESSAD: No.</p> <p>19 MR. CULLEN: Thank you very much.</p> <p>20 THE VIDEOGRAPHER: This completes the</p> <p>21 deposition. We're off the record, 1:22.</p> <p>22 (Deposition concluded at 1:22 p.m.)</p> <p>23 * * *</p> <p>24</p> <p>25</p>
<p style="text-align: right;">Page 118</p> <p>1 that letter. I know that there's been a lot of</p> <p>2 documents that have been produced but we didn't happen</p> <p>3 to see what in there so we would make that specific</p> <p>4 request.</p> <p>5 MR. GREEN: And if I may add the 2012</p> <p>6 engagement letter from Miller Buckfire as well. I</p> <p>7 understand they were initially engaged the prior year.</p> <p>8 There may be two engagement letters.</p> <p>9 MR. MOSS: Please put that in a letter so</p> <p>10 we make sure we get it part of the record. We'll take</p> <p>11 a look.</p> <p>12 MS. LEVINE: So the request will be for any</p> <p>13 engagement letters or contracts with Miller Buckfire</p> <p>14 and we'll clarify that.</p> <p>15 Q. During the deposition last week with Treasurer Dillon</p> <p>16 he made a reference to a report with regard to certain</p> <p>17 tax write-offs or uncollected taxes. Are you familiar</p> <p>18 with that?</p> <p>19 A. No, I'm not. Not specifically.</p> <p>20 Q. Are you familiar with any issue with regard to</p> <p>21 potential tax write-offs where the taxes could have</p> <p>22 been collected?</p> <p>23 MR. CULLEN: Objection, foundation, form.</p> <p>24 A. No, I'm not. You know, we've got uncollected taxes</p> <p>25 that go back ten, 12 years, and so prior</p>	<p style="text-align: right;">Page 120</p> <p>1 State of Michigan)</p> <p>2 County of Genesee)</p> <p>3 Certificate of Notary Public</p> <p>4 I certify that this transcript is a complete, true and</p> <p>5 correct record of the testimony of the witness held in this</p> <p>6 case.</p> <p>7 I also certify that prior to taking this deposition,</p> <p>8 the witness was duly sworn or affirmed to tell the truth.</p> <p>9 I further certify that I am not a relative or an</p> <p>10 employee of or an attorney for a party; and that I am not</p> <p>11 financially interested, directly or indirectly, in the</p> <p>12 matter.</p> <p>13 WITNESS my hand this 16th day of October,</p> <p>14 2013.</p> <p>15</p> <p>16 </p> <p>17</p> <p>18 Jeanette M. Fallon, CRR/RMR/CLR/CSR-3267</p> <p>19 Certified Realtime Reporter</p> <p>20 Registered Merit Reporter</p> <p>21 Certified LiveNote Reporter</p> <p>22 Certified Shorthand Reporter</p> <p>23 Notary Public, Genesee, Michigan</p> <p>24 Acting in Oakland County, Michigan</p> <p>25 My Commission Expires: 9-19-18</p>





**To:** Bing, Dave[BingD@detroitmi.gov]; Martin, Jack[MartinJack@detroitmi.gov]; Warfield, Robert[WarfieldR@detroitmi.gov]  
**Cc:** Andrews, Kriss[AndrewsK@detroitmi.gov]  
**From:** Kriss Andrews  
**Sent:** Wed 7/10/2013 8:56:40 AM  
**Subject:** Emergency Management

You have asked for some views of how the emergency management process is going and how it contrasts with what we were doing without regard to the Emergency Manager.

In answering this one needs to consider we did not have certain opportunities that the EM did, such as filing for bankruptcy, or credibly threatening to do so. Thus, unless we were allowed to operate under PA 436 (which we were not given the opportunity to do) we had to defer attacking certain of the long term obligations as we would not have been able to threaten bankruptcy.

We did attack both health care and pension, which the EM continued, and I would say continued well. They put in place the pension task force that I recommended after some irregularities surfaced which Jack's folks brought to our attention. They continued and I would say improved on the health care work we started. But Jack brought in the actuary they used, and that actuary was really key. So overall, in long term liabilities they continued and improved on what we started, and had tools we simply did not have. Overall I give them good marks in long term liabilities, but that does not mean they will be successful or we did poorly. We simply did not have the tools we needed and they are not done.

Operations are a different matter altogether. Kevyn did well attacking long term liabilities because we gave him a good headstart, it is an area he knows well, and he has the tools to be successful.

In operations he threw away the headstart we gave him, he frankly is not competent at all (in fact, he is embarrassingly incompetent and only listened to his equally incompetent staff) and did not well exercise the added powers he has. I would give him an A in long term liabilities and an F in operations. Given his limited background (legal representation really is all he has, since his other roles are so narrow and unrelated to running a complex operation) and the weak experience the folks from the state have (experienced folks around town will tell you Andy is resume light and highlights disastrous deals as his credentials), this is not surprising.

Since March 28 we have been forced sideways on operations, or simply been told to stand down. A few areas where progress has been slowed are as follows.

1. We should now be installing a new management team in DDOT. We diagnosed this problem correctly, ran a compliant RFP process, and were ready to choose MV as the manager when the EM slowed the process. Though he gave me a poor excuse for doing so, it does not hold water. In addition, he told me a disaster at DDOT would not be a problem for him since it would highlight how screwed up the city is. So I guess the good citizens of Detroit can wait for busses that do not come because it is not inconvenient to Kevyn for them to do so.
2. We should also be progressing on providing a new management team in PLD. As I have said, it is not operationally reasonable to conclude PLD can work through a several year wind-down. We need to outsource the management there and make the operations safe and reasonably compliant. The EM slowed the process here also, and said the same thing: a disaster at PLD would not be a bad thing because it would highlight how messed up the city is. Again, we can expose our employees to safety issues and violate federal regulations because it is not inconvenient to Kevyn to do so.
3. Similar issues surfaced around the lighting authority. After the authority could only get a workable agreement with us (which gave them what they needed but no more, since Detroit has no more) they went to Kevyn and got a deal which forces the City to put in more money than they need, sooner than they need it, while the city struggles. And they cut this deal without coordinating with us so we were just wasting our time since the Authority had softer hands to negotiate with than us.

4. The rest of the control of operations was equally incompetent. Ordering us not to coordinate with the consultants we hired to help us, putting in place very inexperienced staff that controlled things. Not listening to Conway MacKenzie. Every department and thinking person is left wondering.

They also pursued the wrong things, as follows.

1. Focussing on outsourcing solid waste first. While this may be something we should look at, no informed person puts it first. However, it was something they could do, so they focussed on what they could do, not on what needed to be done. Moreover, the announced savings of \$15 million are ridiculous. They have no idea what the savings are, presuming there are savings.

2. Moving PDD to DEGC. When I told Kevyn we had issued a plan to the state on this and said we had studied it carefully, Kevyn gave me a legalistic view of Annex B. It was clear Kevyn had his marching orders and logic and operations had nothing to do with his orders. This whole sordid matter you all know well and needs no more documentation. The state's plan is poorly thought out and will just create a mess.

3. Public Safety. While there is emotional appeal to putting in place a new Chief, not giving insiders a real shot and not going through a thorough search were poor choices. Hopefully this will turn out okay, but we should be able to rely on more than hope. Also, I am lost as to where we are on the choice of a consultant, which I also do not believe was followed wisely from a process standpoint.

There are many other areas that could be discussed, I am sure Jack and the Mayor can add to the above lists. The question is how do we stay honest and complete without sounding complaining and negative? There are signs they are realizing how poorly they have done in operations. But the inherent problem is they do not know what they do not know. And that is not changing. I doubt they have learned to look and listen, which is what is needed.

We can talk at your convenience (evenings are best, though today we are at sea and I could talk anytime) or when I get back. But we need to plan this communication well. How do we get out a message that helps matters?

This is especially so since the press has so poorly reported on matters and seems to just write what the state gives them. Apparently keeping peace with their sources of information (the state) is more important than critically thinking about what is happening and doing a little investigation. And the gag orders from Kevyn only support the very poor reporting.

But remember, though they have completed nothing to date, they get an A in my book in teeing up a reduction in long term liabilities. That is worth a lot; they could just do a lot more by looking and listening.

Kriss

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